PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

PLANNING FOR YOUR RETIREMENT

A GUIDE FOR ALL AGES

HOW TO FIND YOUR WAY AROUND

Please note:

This guide is only for general information on pensions.
Terms and conditions apply to any plans and benefits noted.
Please see www.irishlife.ie for more information on our pension products.
Information is correct as at August 2015.

Next steps...

Although you may be years from retiring, it's worth considering the type of lifestyle you'd like to have when you retire. Maybe you're looking forward to spending more time on the golf course, taking that trip to Europe, or learning a new language.

Whatever your plans are you'll need to finance your retirement years. And after years of getting up early and going to work, taking care of your family and saving for your retirement, you'll finally be at a stage where you can think about you again.

DO YOU HAVE A FINANCIAL PLAN FOR YOUR RETIREMENT YEARS?

That's the question we all need to ask ourselves, whether we're in our twenties, thirties or nearing retirement age. At this stage, you have 2 options, do nothing and live on the state pension or act now and start planning for your retirement years.

OPTION 1

DO NOTHING AND RELY ON THE STATE PENSION

If you do nothing, when you get to retirement age you will be relying on the State Pension, assuming you are eligible.

The single rate State Pension (Contributory) is just €230.30 a week or just €11,975 a year which is less than the current minimum wage (Source: Citizens Information, 2015).

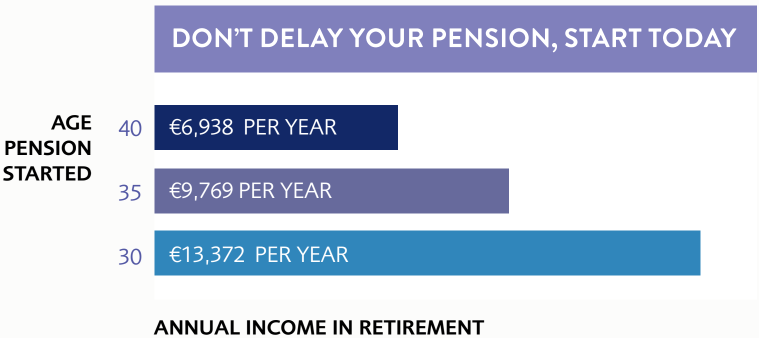
It's important to look at the difference between your current income and what you would receive on the State Pension. And ok, by the time you get to retirement any mortgage you have may be paid off, but you will still have bills, and all the expenses of day to day living.

Ask yourself will €230.30 a week give you the lifestyle you want in your retirement years?

OPTION 2

OPTION 2 – START YOUR PENSION TODAY

No matter what age you are it's important to start thinking about and planning for your retirement years. The earlier you start saving into your pension, the more comfortable your retirement could be. Any delay can have a big impact on your pension fund when you reach retirement. The graph below shows how much someone who saves €250 every month from ages of 30, 35 and 40 will have each year when they reach retirement at age 65.



The graph shows that even a delay of 5 years could have a big impact on your retirement income.

This chart shows pension contributions of €250 per month paid into a Clear PRSA plan from the ages of 30, 35 and 40 to the age of 65. The graph assumes 100% of the contribution is invested, 1% fund charge, 5.2% growth rate, indexation at 3% and no policy fees. For the pension plan we have not deducted the Pension Levy.

Remember you cannot access your pension fund until you reach retirement age. The performance of your pension fund is dependent on the funds you choose and the value of the funds when you reach retirement age.

This information is correct as of 1 August 2015.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.
Warning: If you invest in this product you will not have any access to your money until age 60 and/or you retire.

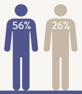
Meet Mary, married to Brian with two children. Mary is a 37 year old accountant who has many demands on her income. There's the mortgage to pay, the bills and the future cost of education. She is thinking about starting a pension.

WHAT TO DO IF YOU'RE 30-SOMETHING

WHEN IS THE BEST TIME TO START A PENSION?

It's true to say that the sooner you start a pension, the longer it has to grow and the easier it can be to reach your target. Even a small regular investment could deliver big results if you start in your twenties.

The strange thing about your thirties is that, although you're probably getting paid more than when you were younger, you seem to have less in your pocket at the end of the month. So how do you fit a pension into all of this?



Fact: 56% of those with a pension feel secure about their retirement compared to only 26% without a pension. (Source: Amarach Research August 2011)

TAKE ADVANTAGE OF INCOME TAX RELIEF

Even if you have all the savings you'll ever need, a pension would still be worth it for the income tax relief alone. Did you know that whatever money you put into your pension receives income tax relief if you are eligible for it, which basically means you pay less tax if you save some money into your pension.

For example, if you invest €100 in your pension, as a lower rate tax payer, it saves €20 off your tax bill. For higher rate taxpayers the benefit is even greater, saving €40 for every €100 you invest.

€100 invested	Tax rate 20%
	Income tax relief €20
	You pay €80

€100 invested	Tax rate 40%
	Income tax relief €40
	You pay €60

HOW MUCH SHOULD YOU SAVE INTO A PENSION?

There are income tax relief limits, which mean there is a cap on the amount of your income that you can contribute to your pension each year.

So that means, if you're thirty now, you could set aside 20% of your income for a pension. Now that may seem like a lot of money but with the income tax relief it's not so hard.

Let's say, if like Mary, you are earning €40,000, and you decide to save €500 a month into your pension. That is a lot of money when you consider all the other outgoings you have, but with income tax relief at 40% it could cost Mary just €300 from her take-home pay, or €400 with 20% income tax relief.

Mary's monthly pension contribution	*Cost to Mary*
€500	€300 (40% income tax relief)
Yearly pension contribution	***Yearly Cost to Mary***
€6000	€3600

To help you calculate how much you could afford to save into your pension why not look at the easy-to-use online Pension Calculator at www.irishlife.ie/pensions. You can set your own lifestyle target, then adjust the figures up and down. You can see for yourself the actual result of investing more or less.

Pension Calculator

INCOME TAX RELIEF IS NOT GUARANTEED

To be eligible to claim income tax relief, your income must be taxable either Schedule E or Schedule D (case I or II). To claim income tax relief, you can apply to your Inspector of Taxes to adjust your tax credits. Contributions deducted from salary will receive immediate tax relief. If you are self-employed, you must include your pension contributions in your self-assessment tax returns in order to obtain income tax relief.

Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge, PRSI (if applicable) and any other taxes or government levies due at that time.

QUESTIONS & ANSWERS

"I'M STILL YOUNG, I'LL WORRY ABOUT IT LATER."

Retirement seems a long way off when you're in your thirties. Whereas paying a mortgage, raising kids and buying a new car all seem very close and urgent. It's something you can afford to put off, isn't it?

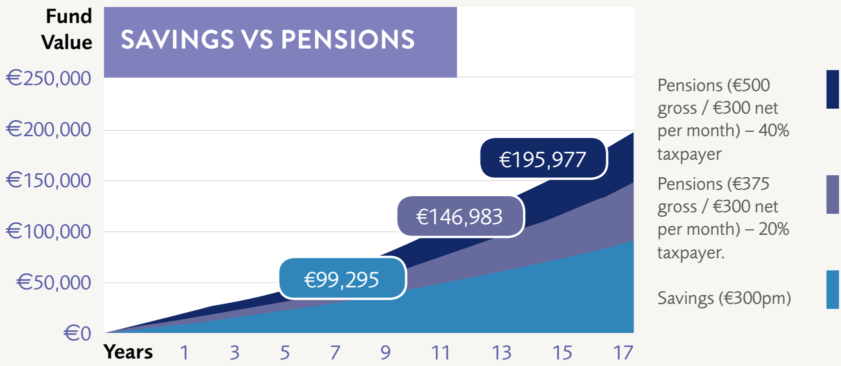
Well, no. The person that will lose most is your future self. The sooner you start, the easier it will be and the less it will cost you in the long run.

"I DON'T WANT TO COMMIT TO A PENSION. I'LL USE A SAVINGS PLAN INSTEAD."

A savings plan is another way to put money aside and of course you can get at it any time you need it. But for long term needs like retirement, easy access is a drawback, not an advantage. It's all too tempting to dip in. More significantly, the tax benefits that come with a pension make it a more efficient way of saving.

A PENSION VERSUS AN ORDINARY SAVINGS PLAN – WHO WINS?

The simple answer is that the income tax relief on a pension gives it a head-start. For example, supposing you saved €300 into a savings plan. If you put that into a pension instead it would be equivalent to investing €375 per month with 20% income tax relief or €500 per month (with higher 40% rate income tax relief). By the time you retire that could give you more in pension benefits compared to the average savings plan.



Unlike a savings plan, you cannot access your pension fund until you reach retirement age. At retirement you can take part of your pension fund as a retirement lump sum. The remaining balance can be used to provide you with an ongoing pension income.

The savings plan shown allows for exit tax of 41% being deducted every 8 years on the plan. The savings plan is inclusive of the 1% government levy. The graph assumes 100% of your contribution is invested, 1% fund charge, 6% growth, indexation at 3%, no policy fees. For the pension plan, we have not deducted the Pension Levy.

Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge (USC), PRSI (if applicable) and any other taxes or government levies due at that time.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: If you invest in this product you will not have any access to your money until age 60 and/or you retire.

Checklist for 30 something

- ☐ See for yourself what you can afford with the easy-to-use Pension Calculator at www.irishlife.ie/pensions
- ☐ If you haven't started a pension yet talk to your Financial Broker or Adviser today.
- ☐ If you have started a pension, check your most recent Pension Benefit Statement or go online to see how your pension is performing.
- ☐ If you haven't reviewed your pension in the last year or so, set up an appointment with your Financial Broker or Adviser.

Check out the online Pension Calculator at www.irishlife.ie/pensions to see the kind of income you can expect in retirement.

For advice

on how to make the most of your retirement savings now, book a meeting with your Financial Broker or Adviser today.

This is Patrick. He's married to Grace and they have four teenage children. Patrick is 48 and is an IT Consultant. Grace has recently returned to the workforce and started a new pension plan. At the moment the biggest strain on Patrick's pocket are second and third level fees. He started paying into a pension a few years ago but has forgotten about it since.

WHAT TO DO IF YOU'RE 40-SOMETHING

TIME FOR ACTION

If you haven't started a pension, now is the time to get serious. You can expect to be spending as many years if not more in retirement as you have left in work. By starting your pension today, you still have the opportunity to get income tax relief and have the time to build up an adequate pension plan.

For those of you with a pension already, it's very easy to put it away in a drawer and forget about it. But just think your pension is an investment that you should keep an eye on. So if like Patrick you've forgotten about your pension, talk to us today, as we're here to help you understand your pension and answer all your questions.

Almost 1 in 3 people claim they don't really understand pensions.
(Irish Life, 2015)

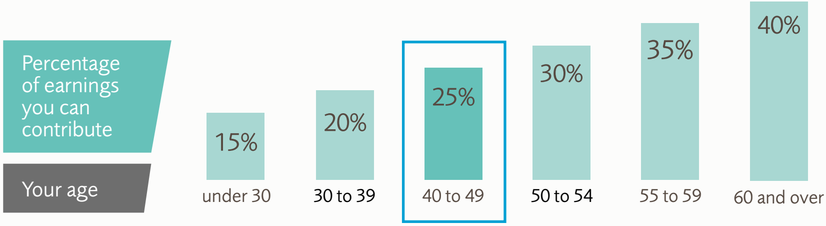
And remember the benefit of regular reviews and adjustments is invaluable. You could be missing out on tax incentives. Or you could be still contributing the same amount into your pension as you did when you started, even though you now earn more. Or if you are a couple with both of you earning, there are ways to maximise income tax relief for each of you.

HOW MUCH SHOULD YOU SAVE INTO A PENSION?

It really depends on your own circumstances, so, if you're 40 now, that would mean setting aside 25% of your income for a pension. It may seem a lot but with income tax relief it's not so hard.

Let's say, if like Patrick, you are earning €45,000, and you choose to save €750 a month into your pension. That is a lot of money but if you consider income tax relief at 40% it could cost you just €450 from your take-home pay.

MAXIMISE YOUR INCOME TAX RELIEF



The figures above show the percentage of earnings you can contribute each year. For example, if you were 40 years old earning €70,000 a year you would be able to save €17,500 each year into your pension and receive income tax relief on this saving. Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge (USC), PRSI (if applicable) and any other taxes or government levies due at that time.

QUESTIONS & ANSWERS

"WITH ALL THESE TAXES, AM I RIGHT TO STICK WITH MY PENSION?"

No doubt about it, times are tough for the economy. All of us are paying extra taxes one way or another. Some may question whether putting money into a pension is a priority right now. But if you don't do it, no one else is going to do it for you. The current single State Pension (Contributory) is a grand total of €11,975 a year. That's actually below the Government's own minimum wage. Even if you have no mortgage left to pay in the future, that's not much to get by on.

The good news is that pensions are much more flexible than most people think. You can change the level of contributions, you can even take a payment holiday if something major happens – for instance, a gap in employment due to redundancy.

DON'T LEAVE YOURSELF DEPENDENT ON FUTURE TAXPAYERS

Did you know that the qualifying age for the State Pension has gone up from 65 to 68 for today's 40-somethings? That means, if you were planning on retiring at 65, you will have a three year gap to fill. Fortunately, if you start planning now, this needn't be too much of a strain. Talk to your Financial Broker or Adviser today and make sure you keep all your options in place.

"WHAT'S MY PENSION WORTH RIGHT NOW?"

If you already have a pension, you can ask your Financial Broker or Adviser any time for an update. We'll also give you an estimate of what your pension would be worth in retirement. It's important to meet with your Financial Broker or Adviser each year to check if you are on track with your retirement plan.

Checklist for 40 something

- [ ] If you have started a pension already, do you know what type of funds your pension is invested in?
- [ ] Are you on track with your expected retirement income?
- [ ] Have you met your Financial Broker or Adviser in the last year?
- [ ] Do you take time to read your Pension Benefit Statements or keep track online?
- [ ] Do you know that, if eligible, you can claim income tax relief on your pension?

Check out the online Pension Calculator at www.irishlife.ie/pensions to see the kind of income you can expect in retirement.

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on how to make the most of your retirement savings now, book a meeting with your Financial Broker or Adviser today.

This is John, who is married to Jane with one child. John is a 57 year old engineer. He had a pension with his previous employer and when he became self-employed he set up another plan. Their only daughter Susan has finished college already and their mortgage is nearly paid off. John would like to be able to help Susan when she is ready to step onto the property ladder.

WHAT TO DO IF YOU’RE 50-SOMETHING

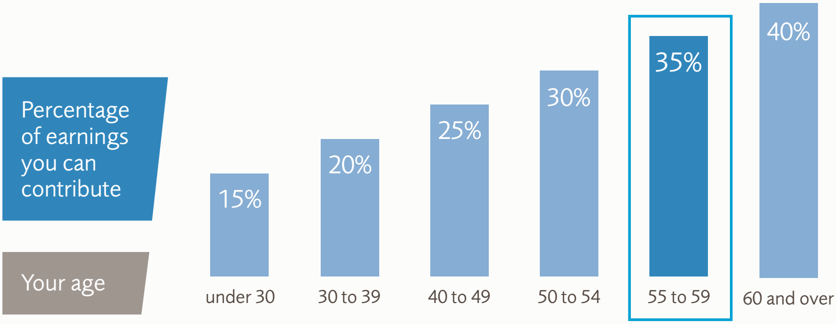
SET UP A PENSION REVIEW

As you enter your 50s retirement doesn't seem quite so far away. It's time for some more detailed planning. The key thing to realise is that, whatever your current situation, there's plenty you can do to improve your lifestyle in retirement, providing you act now. Your Financial Broker or Adviser will review your existing Pension Plans and discuss your expected retirement goals.

It's true to say that the sooner you start a pension, the longer it has to grow. But if you don't have a pension, that doesn't mean you've missed the boat altogether. The system is designed to help you catch up. The older you are, the higher the percentage of your salary you can invest in a pension.

Don't worry about the years that have gone, just maximise your efforts in the years to come and use all your extra income tax relief.

MAXIMISE YOUR INCOME TAX RELIEF



So for example, if John's salary is €60,000 he could invest up to €21,000 (35% of €60,000) and receive income tax relief on this contribution, resulting in a net cost of €16,800 at 20% income tax relief or €12,600 at 40% income tax relief. Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge (USC), PRSI (if applicable) and any other taxes or government levies due at that time.

TAKING LESS RISK APPROACHING RETIREMENT AGE

As you're approaching retirement age you're probably more cautious and may want to consider investing in lower risk funds.

Irish Life offer a very practical solution called Lifestyling. This involves gradually moving your own choice of funds to a mix of medium-risk to low-risk funds as you move closer to retirement. These strategies are suitable if you want to invest in high-risk or medium-risk funds over the term of your pension plan but want to move gradually into a mix of medium-risk and low-risk funds as you get nearer retirement. Ask your Financial Broker or Adviser for details.

OPTIONS FOR RETIREMENT

When you reach your retirement age there are some different options of what to do with your Pension Fund. It is important that you start looking at them early to plan for the approach that suits you best.

Checklist for 50 something

- [ ] If you have a pension already, do you know what type of funds it's invested in?
- [ ] Have you considered moving to lower risk funds? Your Financial Broker or Adviser can help you with this.
- [ ] Have you considered and made plans for your options in retirement? For example, whether you're going to take your pension as an income or mix of lump sum and income.
- [ ] You should take time to read your Pension Benefit Statements and keep track online.
- [ ] Are you reviewing your pension with your Financial Broker or Adviser at least every year?
- [ ] Are you claiming the full income tax relief you're entitled to?
- [ ] If you have a company pension, are you keeping track of your employment details?

Check out the online Pension Calculator at www.irishlife.ie/pensions to see the kind of income you can expect in retirement.

For advice

on how to make the most of your retirement savings now, book a meeting with your Financial Broker or Adviser today.

AT RETIREMENT

AT RETIREMENT

So what happens when your pension finally starts paying out instead of you paying in?

Most pension plans are designed to provide you with an income supplemented by the State Pension.

RETIREMENT LUMP SUM OR REGULAR INCOME

When you retire you stop paying into your pension and the fund is closed. You then have a variety of options. Most people choose to take advantage of a retirement lump sum of up to 25% of the pension fund.

For company pensions your lump sum may be based on your salary and service (up to a maximum of one and a half times your annual salary).

The maximum tax free amount you can receive is €200,000. Retirement lump sums between €200,000 and €500,000 will be subject to standard rate income tax, currently 20%. Any retirement lump sum greater than €500,000 will be taxed at your marginal income tax rate. The Universal Social Charge, PRSI (if applicable) and any other taxes or government levies due at that time will also be deducted.

The rest of the fund can be re-invested a number of ways to provide you with an ongoing pension income. All pension plans allow you to buy an annuity, which will provide you with a regular monthly income in retirement. Some types of plans give you further options – to invest in an ARF (Approved Retirement Fund) or AMRF (Approved Minimum Retirement Fund), remain invested in your PRSA (vested PRSA) or take a taxable lump sum.

WHAT IS AN APPROVED RETIREMENT FUND (ARF)/VESTED PRSA?

An ARF or a vested PRSA are retirement funds that allow you flexibility with your pension income, while also allowing you the opportunity to further invest. This provides you with greater flexibility and independence, and is now available to employees as well as directors.

When you retire, you can invest your retirement fund in a personal investment account called an Approved Retirement Fund. The key benefit is that you can withdraw money from the account when you need.

Warning: The income you get from this investment may go down as well as up.

WHAT IS AN AMRF (APPROVED MINIMUM RETIREMENT FUND)?

An AMRF is also an investment account for your retirement fund. If you do not have a guaranteed pension income for life of €12,700 a year (or you are not buying an annuity) you must invest €63,500 into an AMRF before you can invest in an ARF.

There are restrictions on the withdrawals you can make from an AMRF before age 75. Your AMRF will become an ARF when you start to receive a guaranteed pension income of €12,700 a year from other sources or you reach age 75. These limits are current as at August 2015.

Ask your Financial Broker or Adviser for more details.

A PENSION PLAN FOR YOU

We can work with you to help identify the best solutions to suit your personal priorities in retirement. For instance, would you prefer a secure, regular income or a fund which you could withdraw money from as and when you need it, and which you would ultimately pass on to your dependants?

Talk to your Financial Broker or Adviser today for more information.

Retirement Plan Checklist

- [ ] Do you know the overall size of your pension fund?
- [ ] How much income will you need (currently a single person aged 65 or over can receive up to €18,000 tax free per year).
- [ ] How do you plan on using your retirement lump sum – to clear debt or save for your future needs?
- [ ] Do you have any other assets besides your retirement fund which you will rely on?
- [ ] Are you looking for further investment growth or security with your fund?
- [ ] Are you willing to accept the risk that the value of your ARF/vested PRSA could decrease over time due to income withdrawals and low growth rates?
- [ ] How much you want to pass on to your dependants/family?

Check out the online Pension Calculator at www.irishlife.ie/pensions to see the kind of income you can expect in retirement.

For advice

on how to make the most of your retirement savings now, book a meeting with your Financial Broker or Adviser today.

WHY CHOOSE IRISH LIFE?

Ireland's leading life insurance and pensions provider (based on market share 2014). Irish Life have been helping people in Ireland plan for their retirement for OVER 75 YEARS.

Irish Life's investment manager won **TWO MAJOR AWARDS** at the European Pension Awards 2014.

Irish Life's investment manager manages over **€50 BILLION** the most money for people in Ireland.

We offer an innovative range of investment funds called Irish Life **MAPS** – a range of five Multi-Asset Portfolio funds to suit a range of investors from careful to very adventurous.

> 1 MILLION

Irish Life have over 1 MILLION CUSTOMERS in Ireland.

With **24/7 online service** and a Dundalk based customer service team Irish Life aim for the highest quality customer service.

Irish Life is now part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

NEED SOME ADVICE?

To discuss your retirement plan contact your Financial Broker or Adviser today.

Information is correct as of August 2015.

ILA 11846 (NPI 08-15)